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# Richard Cordray is stepping down as head of Consumer Financial Protection Bureau

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Consumer Financial Protection Bureau Director Richard Cordray speaks during the 2017 Cincinnati AFL-CIO Labor Day Picnic on Sept. 4 at Coner Island in Cincinnati. (Kareem Elgazzar/Cincinnati Enquirer via AP)

*This story has been updated.*

Richard Cordray, one of the few remaining Obama-era banking regulators, said on Wednesday that he plans to step down as head of the

Consumer Financial Protection Bureau by the end of the month, clearing the way for President Trump to remake a watchdog agency loathed by Republicans and Wall Street.

Cordray's turbulent six-year tenure at the 1,600-person agency was marked by aggressive efforts to rein in banks, payday lenders and debt collectors that often drew protests from the business community. His frequent clashes with conservatives turned Cordray, an otherwise ordinary Washington bureaucrat from Ohio, into a favorite of Democrats and consumer groups and a villain to Republicans and the financial industry. A federal judge once said that Cordray had "more unilateral authority than any other officer in any of the three branches of the U.S. government, other than the president."

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"It has been a joy of my life to have the opportunity to serve our country as the first director of the Consumer Bureau by working alongside all of you here," Cordray said in a message to employees. "I trust that new leadership will see that value also and work to preserve it – perhaps in different ways than before, but desiring, as I have done, to serve in ways that benefit and strengthen our economy and our country."

*[Wall Street wins big as Senate votes to roll back regulation allowing consumers to sue their banks]*

Republicans had become increasingly exasperated that Cordray, whose



term does not end until next summer, had not stepped aside when Trump took office, and instead continued to press for aggressive rules disliked by the business community. Trump has on at least two occasions griped about Cordray in private and wondered what to do about his tenure, according to two financial industry executives who attended the meetings. Under the agency's current structure, Trump could only fire Cordray for cause.

Cordray did not explain the timing of his decision, but it clears the way for him to potentially run for Ohio governor. It also comes just a month after the CFPB suffered a major rebuke from Republicans in Congress who took the unusual step of blocking an agency rule that would have allowed consumers to sue their banks for the first time. Cordray appealed to President Trump directly not to sign the legislation but was rebuffed.

With Cordray's departure, the regulatory structure put in place by the Obama administration in the wake of the global financial crisis has been nearly entirely replaced. The head of the Securities and Exchange Commission has been replaced by a former Wall Street lawyer and the Senate is moving to approve Trump's pick to lead the Office of the Comptroller of the Currency, another important banking regulator.

Trump is also remaking the Federal Reserve. He has nominated Republican Jerome H. Powell, a current governor on the Fed board, to replace Janet L. Yellen as chair of the Federal Reserve. His pick for vice chairman of supervision, Randal Quarles, a former private equity investor, is expected to be much friendlier to the banking industry than

his predecessor in the role.

Rolling back regulations has been a cornerstone of the Trump administration, which argues that excessive rulemaking strangles economic growth. But Congress has struggled to deliver sweeping regulatory relief to the industry. Earlier this week, Sen. Mike Crapo, the Republican chairman of the Senate Banking Committee, announced a bipartisan deal to free dozens of large financial institutions from some of the most rigorous regulations put in place after the global financial crisis. But those changes are much more modest than what many in the banking industry have called for.

The most efficient way, industry officials say, to remake the rules is through appointing new regulators who can change an agency's focus, tone and priorities. Cordray's departure "will complete the Team Trump take over of the regulatory agencies. It should mean by summer there are Republicans running all of the banking agencies," said Jaret Seiberg, an analyst with Cowen and Co.'s Washington Research Group.

The transformation coming for the CFPB could be significant. The agency was one of the central achievements of the Obama administration following the 2008 financial crisis. Created under 2010's financial reform bill, known as Dodd Frank, it regulates the way banks and other financial companies interact with consumers, policing everything from payday loans to mortgages. It has extracted billions in fines from big banks, including \$100 million from Wells Fargo last year for opening millions of sham accounts that customers didn't ask for.



Cordray “held big banks accountable. He is a dedicated public servant and a tireless watchdog for American consumers—and he will be missed,” said Sen. Elizabeth Warren (D-Mass.), who helped established the bureau. “The new Director of the CFPB must be someone with a track record of protecting consumers and holding financial firms responsible when they cheat people. This is no place for another Trump-appointed industry hack.”

Obama visits CFPB with new head of consumer agency



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(The Washington Post)

But the CFPB has been controversial among Republicans since its inception. Critics complain that CFPB has made it more difficult for people to get a mortgage loan and has overstepped its power to regulate some industries, including auto loans.

Within minutes of Cordray's public announcement, one of the CFPB's staunchest critics, Rep. Jeb Hensarling (R-Tex.), chairman of the House Financial Services Committee, cheered the move.

"We are long overdue for new leadership at the CFPB, a rogue agency that has done more to hurt consumers than help them," said Hensarling, who has touted legislation that would strip the agency of many of its powers. "The extreme overregulation it imposes on our economy leads to higher costs and less access to financial products and services, particularly for Americans with lower and middle incomes."

Republicans were particularly frustrated that the CFPB continued to issue new rules over the last year despite the Trump administration's focus on loosening regulations to spur economic growth. Last month, for example, the agency finalized wide-ranging rules targeting the billions of dollars in fees collected by payday lenders offering high-cost, short-term loans. The rules would radically reshape the industry and even "restrict" the industry's revenue by two-thirds, according to the CFPB.

Payday lenders and Republicans in Congress called the rules excessive. "We didn't always see eye-to-eye with Director Cordray and in particular with his actions, which turned the Bureau into a highly partisan agency," said Dennis Shaul, chief executive of the Community Financial Services Association of America, which represents the payday lending industry.

The group hopes Trump will appoint a replacement who "will listen to



*[Richard Cordray dodges questions — again — about his political ambitions]*

Under new Republican leadership, the agency is likely to focus less on writing new rules for the financial industry or extracting big fines, industry experts say. The CFPB has been working on rules concerning debt collectors and bank overdraft fees, for example, but those efforts are likely to stall under the new leadership, said industry officials.

“The CFPB will face substantive changes in the years ahead as policymakers recalibrate the regulatory environment,” said Isaac Boltansky, a Washington policy analyst for the investment firm Compass Point Research & Trading.

Cordray’s decision is likely to renew speculation that he will run for governor of Ohio, where he once served as attorney general. He would have to declare his candidacy by February.

Cordray has repeatedly declined to answer questions about his political ambitions, but his potential opponents have already begun to lash out against him. One website, [www.cordray2018.com](http://www.cordray2018.com), initially appears to be pro-Cordray and features a “Cordray for Ohio” slogan at the top and a large picture of the Democrat. But then the site attacks him and calls the CFPB “one of America’s most corrupt government agencies.”

“If Director Cordray decides to run for Governor, which is highly anticipated, the people of Ohio should be wary of his crony behavior



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and reject his candidacy outright,” said Ken Blackwell, a former adviser  
to the Trump presidential transition team and former Ohio treasurer.

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